



CULTURE, MEDIA AND SPORT COMMITTEE

Chairman's draft Report on Phone-hacking

This paper sets out remaining amendments starting at 180 (para 141 on page 70) on which the Committee did not reach a conclusion at its meeting on 20 March.

Further amendments from Paul Farrelly (nos 183 to 219) then follow. The amendments tabled to earlier sections of the report by Louise Mensch and Therese Coffey (AA) and Tom Watson (BB and CC) appear at the end.

Andrew Kennon

Clerk of Committees

20 March 2012

AA LOUISE MENSCH AND THERESE COFFEY AMENDMENT TO PARA 118
PAGE 58

Line 28, leave out from "We" to end of paragraph and insert:

We note that James Murdoch did not seek further information nor ask to see the evidence or counsel's opinion when he was briefed by Tom Crone and Colin Myler on the Gordon Taylor case. £700,000 is a considerable sum of money. Mr. Murdoch was nonetheless content to authorise its payment on the basis of advice from the editor of the paper and News International's longstanding legal director, and upon being told counsel had advised settlement at such a figure. There is no evidence that James Murdoch saw the "for Neville email" - even Mr. Crone and Mr. Myler stated they could not recall showing it to him - nor that he understood its wider significance."

BB TOM WATSON'S PROPOSED SECTION
INSERT AT END OF CHAPTER TWO, INSERT NEW CHAPTER THREE

3 Mr Rupert Murdoch

- a. The history of the News of the World at hearings of the Committee is a long one, characterised by "collective amnesia" and a reluctance fully and fairly to provide the Committee with the information it sought [Ref 2009 report, etc]. In any company, the corporate culture comes from the top. In the case of the News of the World this is ultimately the American parent company of News International, namely NewsCorp and its chairman and chief executive, Rupert Murdoch.
- b. Mr Rupert Murdoch has repeatedly claimed that NewsCorp has zero tolerance of wrongdoing [Q161]. The most recent occasion was on 21 October 2010 when, in his Thatcher lecture, he said "we will not tolerate wrongdoing" [Q161 and Q163]. He made a similar at the NewsCorp AGM in October 2011 when in relation to hacking he said there was "no excuse for such unethical behaviour" at the company and that staff had to be "beacons for good, professional and ethical behaviour."
- c. On 8 April 2011, News International issued a statement admitting that phone-hacking had indeed occurred in a number of cases and was not restricted to the News of the World's Royal reporter, Clive Goodman.
- d. It offered certain civil litigants an unreserved apology and a compensation scheme. At this point, the 'single rogue reporter' defence was clearly dead. That defence had become very questionable with the sacking of News Editor Ian Edmondson in January 2011, but now News International had finally acknowledged that hacking had been widespread, it was clearly no longer tenable.
- f. Had Mr Rupert Murdoch been telling the truth on 21 October 2010 (and also telling the truth when he confirmed this to the Committee on 19 July 2011), he would have learned for the first time on some date

between 21 October 2010 and 8 April 2011 that he had been misled by senior employees of his company.

- g. The revelation would have been a shock. He was the Chairman and CEO of a major international company. He had repeatedly given clear and categorical assurances to the general public and to his shareholders, that phone-hacking and other wrongdoing were not happening and would not be tolerated at News International. These assurances had now turned out to be false. This is not a situation a CEO would or could tolerate, still less simply ignore. Action would have been taken.
- h. Yet, when asked by the Committee if he "knew for sure in January [2011] that the 'one rogue reporter' line was false" he replied, "I forget the date" [Q200].
- i. This is not credible. Had he really learned for the first time at some point in the six months following his Thatcher lecture that he had been deceived, and so that he, in turn had deceived the public and his shareholders, that moment would have been lodged forever in his memory. It would have been an unforgettable piece of information.
- j. On the other hand, had he known all along that phone-hacking and other criminality was endemic in his company and that elaborate and expensive steps were being taken to conceal it, it is entirely understandable that the precise moment between 21 October 2010 and 8 April 2011, when he recognised that the game was up, might have slipped his memory. All the more so had he already known the truth since long before those dates.
- k. If he took part in the discussions about what to reveal and when, there would probably not have been a clear moment of revelation. It would have been a gradual erosion of the 'one rogue reporter' story to the point where a collective decision to abandon it would have been taken. In those circumstances it would be entirely understandable that he should forget the date, if indeed there was a single date on which the decision was taken.
- l. The story that Rupert Murdoch knew nothing about the phone hacking and bribery becomes completely incredible when we consider the role of Colin Myler. Following the convictions of Goodman and Mulcaire, Colin Myler was sent to London by Rupert Murdoch. He had been working for Newscorp in New York for a number of years. According to Rupert Murdoch, Myler was instructed by Les Hinton "to find out what the hell was going on". (Q366). Les Hinton was Murdoch's closest aid. Murdoch said he would trust him with his life (Q231). It is inconceivable that Les Hinton would have concealed information about endemic criminality at News International from Rupert Murdoch once this came to his notice.

- m. It is clear from the Harbottle&Lewis documents (at Appendix B) that Myler was involved in Goodman's appeal. He was tasked with hearing it.
- n. The others involved were Chapman (News International director of legal
- o. affairs) and Cloke (News International director of human resources).
- p. Chapman was clearly worried by some of the emails requested by Goodman for his appeal hearing. He sent them to outside counsel (Lawrence Abramson at Harbottle & Lewis). He asked Abramson for an opinion about whether the emails supported Goodman's case. There was an exchange of letters in which Chapman and Abramson debated the exact wording of the opinion. Abramson was very careful to limit his opinion to the precise and narrow question of whether or not the emails supported Goodman's case on phone hacking (all in H & L documents).
- q. The emails remained in a file at Harbottle & Lewis until 2011 when they were seen by the newly-formed Newscorp Management and Standards Committee (MCS). The MCS was apparently alarmed by their contents and sent them to Lord Macdonald, a former Director of Public Prosecutions.
- r. He took "three, maybe five minutes" to see that they contained evidence of serious crime and sent them to the Metropolitan Police. A few days later, the police launched a major inquiry into police corruption by News International
<http://content.met.police.uk/News/Statement-from-Commissioner/1260269177528/1257246741786>.
- s. Rebekah Brooks confirmed to the Select Committee that Macdonald had been concerned only with payments to the police. (Q578 and Q579).
- t. It is thus clear that the Harbottle & Lewis file contained evidence that News International employees had bribed the police and probably other public officials. Chapman, Cloke and Myler all saw these emails.
- u. It follows that Myler saw the bribery emails in 2007 when he was tasked with dealing with Goodman's appeal. He was also involved in the very expensive cover-up of the Taylor case in May/June 2008. He knew then that if the Taylor case was not settled, it would reveal that phone hacking was not the work of a single rogue reporter but was endemic at News International. At the latest, by June 2008 Myler knew exactly what was going on. It was his duty to tell Murdoch.
- v. There are only two possibilities. Either Myler told Les Hinton and Rupert Murdoch what was happening as soon as he found out or Murdoch already knew and in reality Myler was never asked to report but was sent to London to help with the general cover-up. Any other conclusion would require Myler either not to have found out (when we know he did) or to have found out but failed to pass the information up to Les Hinton and thus to Mr Murdoch.

- w. It is inconceivable that having been sent from an entirely different part of the Newscorp empire tasked with finding out "what the hell was going on", he would have taken a deliberate decision to conceal everything from his employer and enter into a conspiracy of silence with those whom he had been sent to investigate. He would have had no possible motive for doing this. On the contrary, he would have had every reason loyally to inform his employer.
- x. In the circumstances, the overwhelming probability is that Rupert Murdoch knew about the illegal activity (and in particular the endemic phone hacking) by 2008 at the very latest. It follows from this that he almost certainly misled the UK Parliament's Select Committee when he gave evidence on 19 July 2011 saying he knew nothing of any of this until 2011. It is highly probable that he knew about the bribery as early as 2003 when Rebekah Brooks, his close confidant, told the then CMS Committee "we pay the police".
- y. In the light of the above, the extreme reluctance of News International employees to be open and honest in their evidence to the Committee becomes more readily understandable. In assessing the evidence of News International employees, the culture emanating from the top of the company must be taken into account. The culture from the top is likely to have coloured the attitude of the entire company.
- z. This in turn is likely to have had a profound effect on the evidence given to the Committee.
- aa. Another example of this culture and Mr Murdoch's failure to focus on serious wrongdoing within his organisation was his response to the Committee's questions about attempts by Neville Thurlbeck, chief reporter of the News of the World, to blackmail two of the women involved in the Mosley case [Q173]. If Mr Murdoch was telling the truth, his reply that this was the first he had heard of this claim and that no one in the UK company brought the allegation to his attention [Q175] indicates something seriously wrong in his company.
- bb. When asked if he agreed with the judge in that case that this "discloses a remarkable state of affairs at News International", he replied "no" [Q177]. He appeared to see nothing unusual in News International, one of his companies, failing to investigate or take action when a senior employee was cited by a High Court judge as resorting to blackmail in the course of his employment. This would also explain his failure to respond (or have someone in his company
- cc. respond) to a letter sent to him in New York by Mosley on 10 March 2011, inviting him to order an investigation at News International into the blackmail allegation [reference Mosley evidence to Leveson Inquiry].
- dd. Another, less extreme example of Rupert Murdoch's attitude to the truth is his response to the Committee when he explained that his lack of oversight of his UK company was due to it being "less than 1% of

our company" (Q167). This must be contrasted with his email to employees at The Sun on 17 February 2012: "I've worked alongside you for 43 years to build The Sun into one of the world's finest papers. ee. It is a part of me and is one of our proudest achievements. The Sun occupies a unique and important position within News Corporation". His reinstatement of the arrested journalists in the same email reinforces the impression that he has little regard for normal standards. His claimed lack of knowledge about day-to-day activity at News International must also be contrasted with Rebekah Brooks's evidence that she spoke to him "every other day" (Q551).

ff. On the basis of the known facts and the evidence before the Committee, we conclude that at all relevant times Rupert Murdoch was either fully informed about the phone hacking or was wilfully blind to what was going on in his companies. Given the extent of the criminality, we consider it quite extraordinary that he knew nothing if this is indeed the case. We conclude that he is not a fit and proper person to have the stewardship of a major international company.

CC Tom Watson

Page 76, line 9, after para 155, insert new para

155. We consider that Tom Crone, James Murdoch and Rupert Murdoch and Colin Myler have given misleading evidence to this Committee and its predecessors. We intend to table a motion in the House of Commons stating that this amounts to a contempt of the House. We note that it is for the House to decide whether a contempt has been committed and, if so, what punishment should be imposed.

20 March 2012